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Closing The Eye: Looking Overseas For Australian Newspaper Policy Options

Earlier this year, Australia's most recent independently-owned news and features magazine, The Eye, ceased publication. It was just one publication in a long list of independent failures in Australia - recent history would indicate that only publications owned by the major chains are able to survive in the contemporary news media environment. But not all countries in the Western world experience the same dearth of independently-owned news media. This paper draws on research conducted in 2000 on the magazine and newspaper subsidies systems in The Netherlands and Scandinavia, and looks at the benefits of such a policy environment to the independent news media.

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In April 2000, the Text Media Group's new fortnightly newsmagazine *The Eye* unexpectedly closed.¹ It was an ambitious project by the group, headed by former Fairfax and Herald and Weekly Times editor Eric Beecher who publishes the commercially successful *Melbourne Weekly* and Australian *Good Taste* magazines. Beecher had poached senior Fairfax news journalist Pilita Clark as managing news and features editor, and had a number of high-profile contributors including Gideon Haigh, Margaret Simons, John Safran, Lizbeth Gorr and Tom Gleisner, among others. The magazine was clearly an attempt by Beecher, as editor-in-chief, to create a commercially viable fortnightly news and issues magazine. He told *Radio National* on the launch of the magazine that he was trying to create a publication for Australians "who are interested in their country and in what's going on in issues in politics" (Beecher and Clarke, 1999).

He added: "We're targeting at the kind of people who are interested in information, they're information hungry, they probably are likely to be ABC [Australian Broadcasting Corporation] viewers or listeners...although a lot of them don't read that much, and they don't have a lot of time and they're actually younger

than the traditional newspaper readers.”

The Eye was launched with a fairly high initial circulation of 100,000, but despite Beecher’s previous publishing successes - and the *Weekly* chain along with Beecher’s book publishing interests continue to operate in profit - *The Eye* failed within six months. This is also despite the substantial market research that Beecher says the Text Media Group carried out in preparation for the launch of the publication (Beecher et al, 1999), which showed there was a significant market of well-educated people to the left-of-centre in Australian society that would read the publication. Beecher’s market research indicated that about 30 percent of the Australian adult population were potential readers — slightly better educated than the rest of the population, “information hungry, interested in issues and politics”.

In line with this demographic, *The Eye* established a substantial website which included subscription details, promotional material, selected articles, reader feedback and a travel section. It also included *The Eye*’s editorial guidelines, which it says indicates “a clearly stated policy of editorial ethics and professional practice” (*The Eye*, December 16-29, 2000). The publication was concerned to separate its commercial imperatives from its news content, and in its original form contained three major sections - *Reporter*, which contained news and feature articles on a low-grade newspaper stock; *Pleasure*, a lifestyle-type section focusing on books, movies and arts issues on full-colour glossy pages; and *Arcade*, the shopping and advertising section. Advertisements appeared throughout *The Eye*, but were more concentrated in the *Arcade* section, and in the opening pages of the magazine. In response to reader feedback, *The Eye* management removed the low-grade newspaper stock from the *Reporter* section only several months before the magazine finally closed, creating more uniformity of style across the publication.

The Eye also featured a classic characteristic of many independent publications, which was to promote its apparent ‘competitors’ - contributions from the political satire publication *The Chaser*, and the online news magazine *Zeitgeist Gazette* were included in *The Eye*’s humour issue (December 23, 1999).

In general, it was a professionally produced publication, run by a successful publisher, which featured a number of well-respected and well-known journalists and public commentators. It conducted substantial market research which fed in to the design and content of the publication. But within six months, it had failed. What went wrong with *The Eye*?

Senior writer Mark Chipperfield said the publication folded because it simply “wasn’t selling enough copies” (Chipperfield et

Failure of The Eye

al, 2000). There were many theories as to why *The Eye* had failed - that it simply needed more time; that it was too 'general' in the increasingly niche magazine era; that it was not irreverent or satirical enough; that it did not have enough financial backing to compete against the Australian Consolidated Press news magazine *The Bulletin*, to which it was often compared. Chipperfield claims *The Eye* was selling copy-for-copy with *The Bulletin* on the news stands, but was not able to receive broad support from the mainstream media because of the obvious commercial competition the magazine posed.

Chipperfield says "all of the people on *The Eye* had colleagues at the *Sydney Morning Herald* or *The Australian* or other major media organisations who privately were very supportive of *The Eye* but were never allowed to translate that support into even coverage in those other organs. I think we were killed by a thousand cuts, if you like."

In a *Radio National* forum, managers of the *Zeitgeist Gazette*, which had also recently failed, and the still operational *The Chaser* felt any independent news magazines had to be a 'labour of love'. In the contemporary market it was impossible for them to survive while paying staff and meeting commitments. *The Chaser*, an independent political satire magazine, has been successfully publishing for several years, but does not pay wages to its editors. Its primary commitment is to sell enough advertising to pay for its print run (Chipperfield et al, 2000).

Firth believes the primary mistake of publications such as *The Eye*, and *Zeitgeist Gazette* is their attempt to operate as businesses, rather than independent media outlets with information as their primary aim. Firth says, "We set it up (*The Chaser*) because we really enjoy taking the piss out of things, and we've sort of grown from there ... but it's because we want to be able to sit down and write things which nobody else can write because they're running businesses rather than running a media organisation."

Editor-in-chief of *The Eye* Eric Beecher has grave concerns about the future of serious quality journalism in an increasingly commercial world, when major media organisations cannot economically justify their investments in investigative stories (Beecher, 2000). But Beecher says despite the failure of *The Eye*, he is still convinced there is a substantial commercial market for a quality news and current affairs magazine. "On the evidence of experiences like the one my own company had with *The Eye* magazine, and earlier efforts in the same arena, you would probably conclude that there is no future for viable independent journalism. I just happen to disagree with this diagnosis ... in the end we weren't able to give (*The Eye*) enough time, but the

response to both the magazine and the idea of the magazine did nothing to dispel my own belief that there are still major opportunities for quality commercial media in this country.”

Former contributor to *The Eye* Stephen Mayne, who now runs the online e-zine *Crikey.com.au*, feels *The Eye* was too ‘old-world’ and even though it broke some good stories, “it really needed to break something big that stamped it on the nation’s psyche. John Singleton² was right in saying it needed to be more controversial to really make people sit up and take notice” (Mayne, 2000).

Others have argued (Chipperfield et al, 2000) that *The Eye* is an indication that the final death knell has sounded for generalist publications - that with the growth of the internet and supplements in newspapers, niche magazines will continue to grow and dominate the publishing market. Beecher agrees that the ‘old days’ of journalism are gone forever, with the current media landscape undoubtedly dominated by commercialism rather than idealism (Beecher, 2000).

The failure of *The Eye* cannot, however, be considered in isolation. Whether its failure was the result of insufficient finances; or lack of niche content; or that it simply was not ‘different’ enough in its journalistic approach, is an argument that continues following the failure of all independent news magazines. *The Independent Monthly*, *Australian Society*, *Modern Times* and more recently *The Republican Weekly* all went through similar angst upon closing.

More fundamental to their closure, however, is the market environment that they operate within and the lack of any policy which might attempt to balance out the excesses of the market forces.

Small-scale media publications in Australia operate in a hostile market. Unlike many European countries which, through government policy, encourage the existence of publications that challenge media concentration and therefore provide a more diverse public sphere (Host, 1999: 117; Department of Culture, Sweden, 1994; Forde, 2000), the Australian market environment is one of unregulated “economies of scale”, which disadvantage smaller circulation publications (Brown, 1992).

As a result, Australia boasts one of the most concentrated, and most commercialised, media environments in the world (House of Representatives, 1992; Chadwick, 1998). Newspapers have, in Australia and other parts of the Western world, always been immune from government regulation despite the sometimes heavy regulation of their broadcast counterparts. It is considered essential to the notion of the free press that governments have no

Policy For The Eye

hand in the newspaper market (Bishop, 1970; Brown, 1974). As Patterson points out, however, this free press argument can in fact lead to a less diverse and less democratic newspaper environment that those countries which do intervene in their newspaper industries (Patterson, 1992; Udick 1993).

The research that I have conducted in Scandinavia and The Netherlands, in parallel with the consistent closure of independent news magazines here in Australia, suggests that rather than a 'no press policy' policy, the Australian government has, through its 'hands off' approach, encouraged domination of our print media industry by two major owners. It has, over a long period of time, chosen not to intervene in order to save independent publications which not only offer diverse employment opportunities for our journalists, but which could help to set a more diverse news agenda.

In contrast, Scandinavian nations such as Sweden, Norway and Finland have supported what they term 'secondary' newspapers since the late 1960s, by providing direct subsidies to newspapers and regular magazines to ensure they stay alive (Weibull, 1994). The result is that these countries have relatively diverse media environments, with up to 16 major media proprietors in Sweden controlling about 75% of the Swedish press, which is about equivalent to Murdoch's level of control of Australia's metropolitan daily press (Department of Culture, Sweden 1994; Lichtenberg, 1994: 131). Importantly, many of the publications are not operating primarily as businesses but as opinion journals which focus on political perspectives rather than the bottom line. And also importantly, the subsidies are provided by an independent statutory body, the Press Subsidies Council, which has strict guidelines on subsidy criteria which allow no room for subjective decisions from the Council (Hedman, 1999; Lichtenberg, 2000; Vuorenrinne, 2000).

Scandinavian nations also regularly review their newspaper policies, with a Press Commission occurring in Sweden about every four years. And despite Australian and United States concerns that such subsidies systems will threaten true freedom of the press, journalists and editors from Swedish publications have reported no negative impact on their journalistic freedom. Indeed, they believe the subsidy provides their publications with the necessary financial security to attempt challenging investigative news stories (Forde, 2000).

The major problem with the Scandinavian policies is that the publications that receive the subsidies appear to become increasingly dependent on them (Picard, 1999). Rather than the subsidies providing a helping hand for the publications to eventually survive on their own in the market, they become a

The Dutch Model

crutch that the publication cannot survive without.

In an interesting move away from the Scandinavian subsidies system - which primarily operates in Norway and Sweden, as the Finnish system is quite different (Gronlund, 1999) - The Netherlands Press Fund has introduced a loans program for its independent news media. Publications in The Netherlands can only apply for a loan or a subsidy if they present a full business plan which shows how the subsidy will assist the publication to become commercially viable.

Chairman of the Netherlands Press Fund, Lou Lichtenberg says the business plans provided by the magazines must include specific measures to improve their economic situation, and the subsidy will fund those measures (Lichtenberg, 2000). The maximum amount of time a newspaper or magazine can receive a subsidy is three to four years, and if they are still not operating successfully after that time they need to wait another two-three years before applying again. The Press Fund decides whether the publication will receive a subsidy or a low-interest loan, which the publication must pay back within a set timeframe. The Press fund chairperson and members are appointed by the government of the day. It is, however, an independent statutory body (as much as an appointed body can be), which is enshrined in legislation, and The Press Fund has had the same chairperson since its foundation in 1973.

Interestingly, and despite its recent active press policies, The Netherlands previously had a similar policy approach to the Australian government. It too, considered government to be “the natural enemy of the press” (Lichtenberg, 2000: 1) and it was only in the post World War II years that The Netherlands began to make some moves to preserve the diversity of its print media environment. The new policies, introduced in the late 1980s, are based on the principal of “altering the financial and economic conditions that harm press organs” (Lichtenberg, 2000; Picard, 1999).

If support for the press is to be sustained policymakers need to revisit existing support mechanisms to ensure they comply with the principles of competition policy, are appropriately constructed to serve industrial policy goals, or fit within cultural policy measures.

Lichtenberg recognises that the previous “passive” policies of The Netherlands government — similar to the Australian ‘no press policy’ policy — were not sufficient to reach “a real freedom” (Lichtenberg, 1994).

Does a diverse ‘press’ even matter anymore?

There is a need to place this discussion of newspaper policy

and its impact on the independently-owned news media in the context of current media changes. There is no doubt - as Lichtenberg and others point out — that the rise of the internet, and the subsequent proliferation of web-based publications has increased the general public's access to diverse information. But while some commentators - particularly media proprietors - argue that the increasing availability of new media outlets such as the internet, and cable and satellite television are diversifying the information available to the public, Chadwick notes that these 'new' news media are owned and controlled by the same people as our existing media (1998). Increasingly, also, traditional newspapers are establishing their own web versions, so rather than the web posing direct competition to the newspaper industry, it could indeed be its salvation (Press Fund, The Netherlands, 1992).

Despite the increasing diversity that the Internet offers, traditional newspapers should be not seen as relics of a former publishing age, but as dynamic outlets that have always adjusted, and will continue to adjust, to the ever-changing media environment. Recent trends also indicate that the web newspapers established with a view to overtake the print versions of major metropolitan dailies have generally failed - in the United States, all major media companies have substantially reduced funding to their Internet publications (Lasica, 2001), and Murdoch recently cut his News Ltd online staff in Australia by one-third (Australian Associated Press, Jan 29, 2001).

The Netherlands press policies, which offer subsidies and loans to publications, are designed to provide the necessary capital for smaller publications to transform, and to create new markets through improved design, technology and innovation such as the that provided on the internet (Lichtenberg, 1994).

Indeed, rather than preserving the newspaper industry in its current forms, new policies in Europe — and particularly in The Netherlands — “will create room for stimulating new and innovating developments in the scene of the press” (1994). Australia has not considered such policies and therefore our new attempts to offer diversity of views in our printed and online media — such as *The Eye*, *Zeitgeist Gazette*, and *Republican Weekly* — are fighting an impossible battle. It is a battle against the economic realities of large versus small circulation publications; of major conglomerates and all the resources they can draw on versus small publishing houses; of commercially driven businesses versus the information-oriented independent news media. Regardless of the brilliance of their content, it can be argued that the market conditions simply do not exist for the smaller independents to succeed.

Conclusion

The closure of the Text Media Group's fortnightly news magazine *The Eye* in April 2000 was another telling blow to the Australian media industry. Emanating from an already-successful publisher, with interests in other arms of the publishing industry including internet and book publishing, the well-staffed magazine appeared to have a substantial opportunity at success.

Despite the various theories offered to explain the failure of *The Eye*, its closure must be considered in the broader context of the Australian print media industry. In particular, it must be considered within the economic framework that all print media outlets now operate within — the overwhelming drive for improved bottom lines, coupled with the natural biases of the market economy which favour large-scale operations. In Australia, where the stated press policy is 'hands off', it can be argued that small-scale publications are operating in not just a passive, but an openly hostile, market and policy environment. The Australian situation can be readily compared with countries such as The Netherlands and Sweden, which provide a supportive policy environment through a system of subsidies and loans that have succeeded in ensuring the survival of most publications.

Interestingly, few within Australia's smaller media organisations argue for a more active government policy on the media — indeed, they too belong to the libertarian school which cannot shake its fear of government legislation on the press. It is time, however, that Australia began looking beyond the United States-British paradigm to examine effective policies in other parts of the world that are showing real opportunities for a vital and importantly, a surviving, diverse news media. ■

NOTES

1. *The Eye* was a glossy, and for the most part full-colour, news magazine in the tradition of the *Independent Monthly*, and perhaps the more well-known *The Bulletin*. It combined feature articles about recent news issues with satirical columns from high-profile Australian writers and commentators, and also contained a high-content advertising and 'home shopping' sections towards the back of the magazine. The closure of *The Eye* followed the similar failing of the weekly *Republican Weekly* in 1998, which also lasted only six months, and the longer-lasting *Independent Monthly*, *Australian Society and Modern Times*, which folded earlier in the 1990s. Since the 1960s, Australia has seen a succession of well-considered and apparently timely news magazines fail due to their inability to compete effectively with the product of major media organisations. *The Eye* is simply the latest in a long line of failed news magazines, which raises important issues about the

future of an independent news media in Australia.

2. A well-known figure in the Australian advertising industry, Singleton has engineered numerous high-profile advertising campaigns, most notably election campaigns for the Australian Labor Party. He was a minor shareholder in *The Eye*, and a central financial backer of the venture.

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